



**GEORGIA
REVENUE
SERVICE**

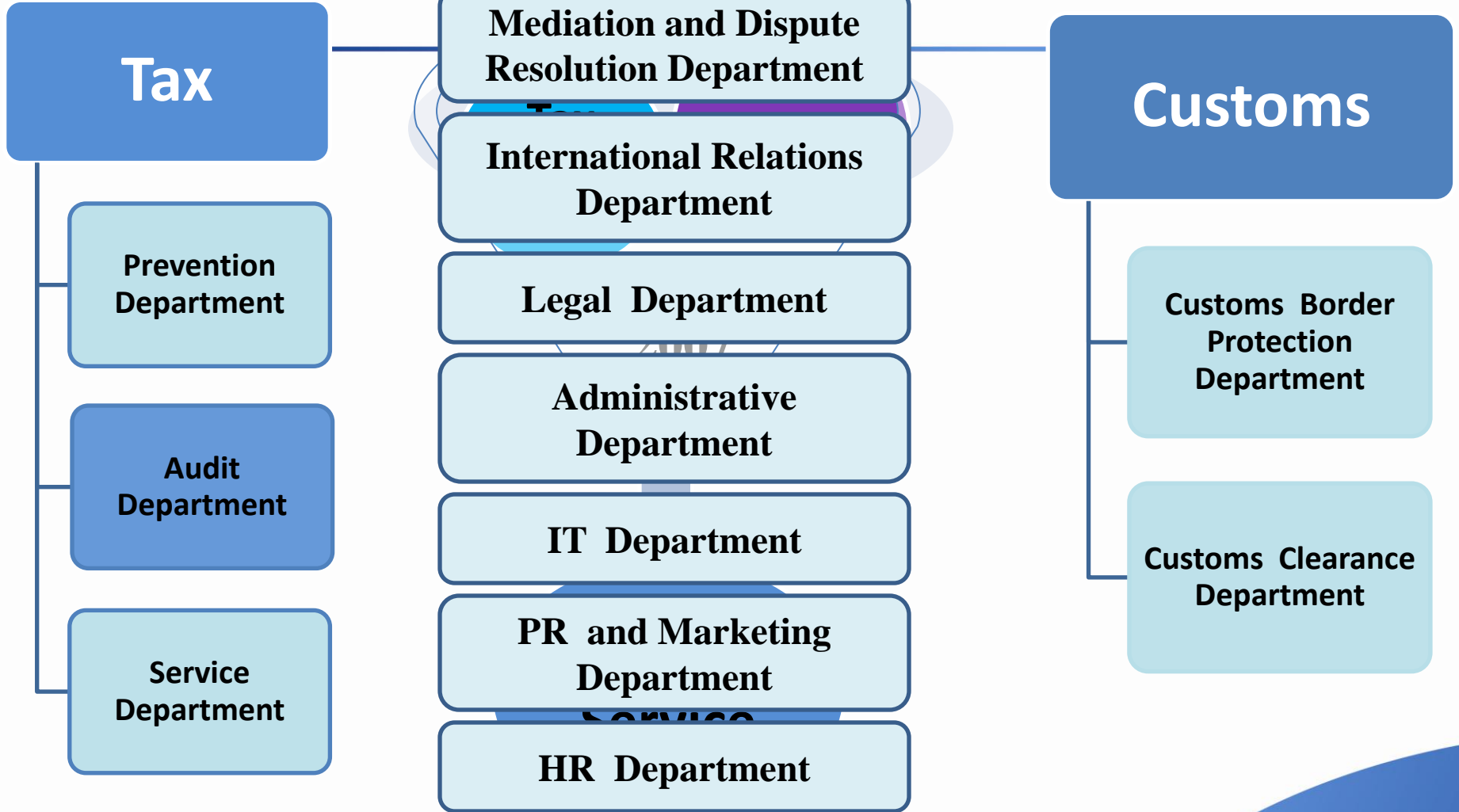
Tax and Customs Administration of Georgia

Institutional Reforms in Georgian Customs

TRACECA Investment Forum 2012

Brussels, Belgium

28.02.2012



Since January 2011 – New and unified Tax and Customs Code



Customs Reforms

Customs duty

Before 2007
(16)

12% 14% 15%
16% 17% 18%
20% 25% 30%

5% 6% 7%
8% 10%

4% 0%

After
2007

12%

5%

0%



Customs Reforms

- **Before 2005
import procedures
required**

~~**54 documents**~~

- **In 2009-2010
import procedures
required**

~~**4 documents**~~

- **In 2011 import
procedures
required**

2 documents



Customs Reforms

- **Special VAT Regime**
- **Golden List**
- **Certificate of origin**
- **Unified personal tax and customs liability account**
- **Creation of Customs Clearance Zones**
- **Authority of issuing permits related to customs procedures**



New Official Web-site

www.rs.ge

SMS & E-mail



Electronic registration



Electronic filing



Video
Tax
Code



Applications



RS.GE



Electronic VAT Invoices



Frequently
Asked
Questions



Integrated Tariff



Data
protection



Customs Clearance
Zones



Business Environment



Internet
payments



Collection of Payments



Accelerated
services



Mortgage/Arrest of Property



Postal Parcels
Declarations



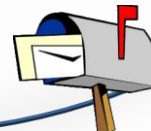
Appeals



Tax Free



Notifications



Business Map



ASYCUDA World

Risk Criteria

Random Selection Module

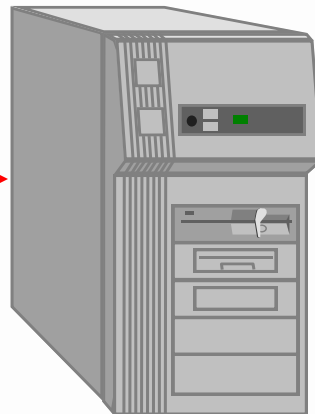
REVENUE SERVICE

Red channel
(Physical inspection)

Yellow channel
(Documentary check)

Green Channel
(No prerelease check)

Blue Channel
(post clearance audit)



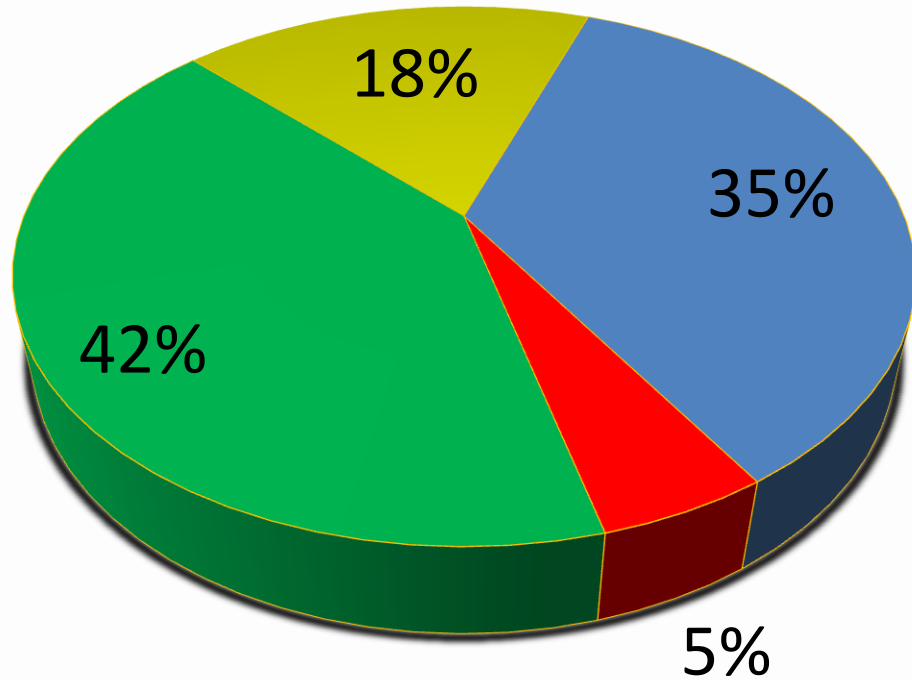
"ASYCUDA"
Automated System of Customs Data

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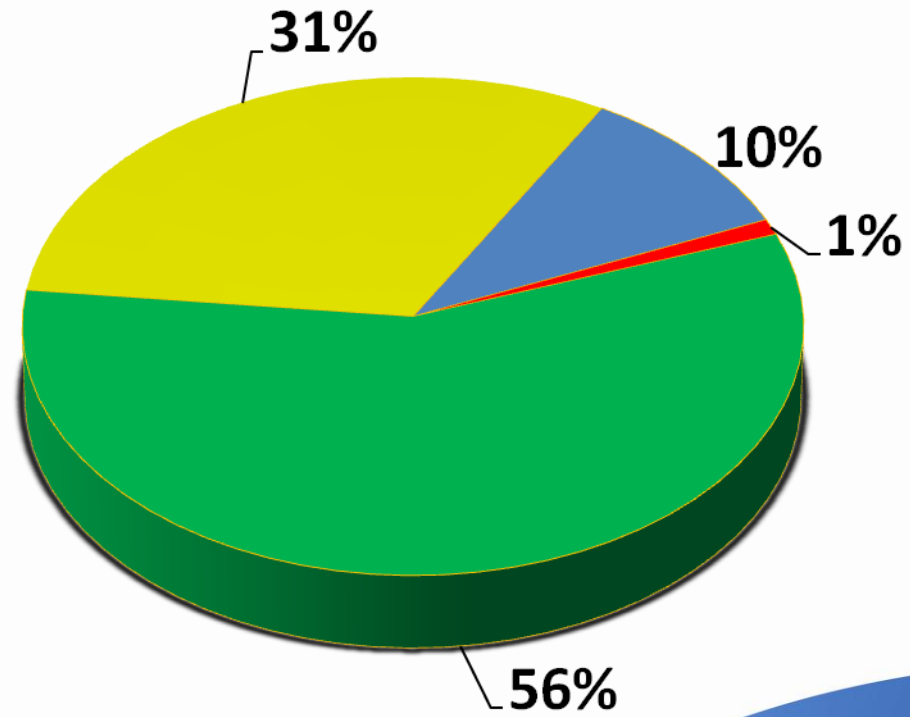


Risk Distribution

Import



Export



Before Creation of Customs Clearance Zones



After Creation Customs Clearance Zones

Border Crossing Points

In case of standard procedures – in average 15 minutes

In case of red corridor – average 45 minutes

In case of green corridor - average 5 minutes (passport data registration control and customs procedures)



Advance Declaration Case



Customs Clearance Zones

In case of standard procedures – in average 15 minutes

In case of red corridor - up to 1 hour

Payment of Customs Duty, Import VAT and Import Excise are within 5 days



Three Customs Clearance Zones and Five Regional Offices





Georgia - proper conditions for the logistics and distribution center

- ❖ international conveyance - exempted from VAT
- ❖ Goods in customs warehouse regime can be sold
- ❖ Goods in warehouse customs regime can be sold while profit tax exemption applies to free warehouse enterprise
- ❖ Special tax regime exists for Free Economic Zone enterprises – the enterprises manufacturing and exporting the goods outside the territory of Georgia are exempted from taxes
- ❖ Special regime for VAT taxation – the taxpayers, who have paid VAT of 200 000 GEL to the state budget, will be exempted from VAT payment upon import



Special Trade Companies



- Re-export foreign goods
- Supply the enterprises, with or without the status of Special Trade Company, with the foreign goods
- Aiming at the conduction of future re-exporting or/and supply, purchase the foreign goods with no less than customs value, from the enterprises not having the status of Special Trade Companies.
- Getting other income, besides the income being received from the activities mentioned above, including:
 - Income being exempted from the profit tax in conformity with the Tax Code
 - Income being received from the capital assets supply used for the economic activities for more than two years
 - Income, except as envisaged above, being received from income from a source in Georgia shall not exceed 1 000 000 GEL and 5% of customs value of imported foreign goods in Georgia according to the tax period



CCZ



BCPs on the occupied territories



Sea Port BCPs



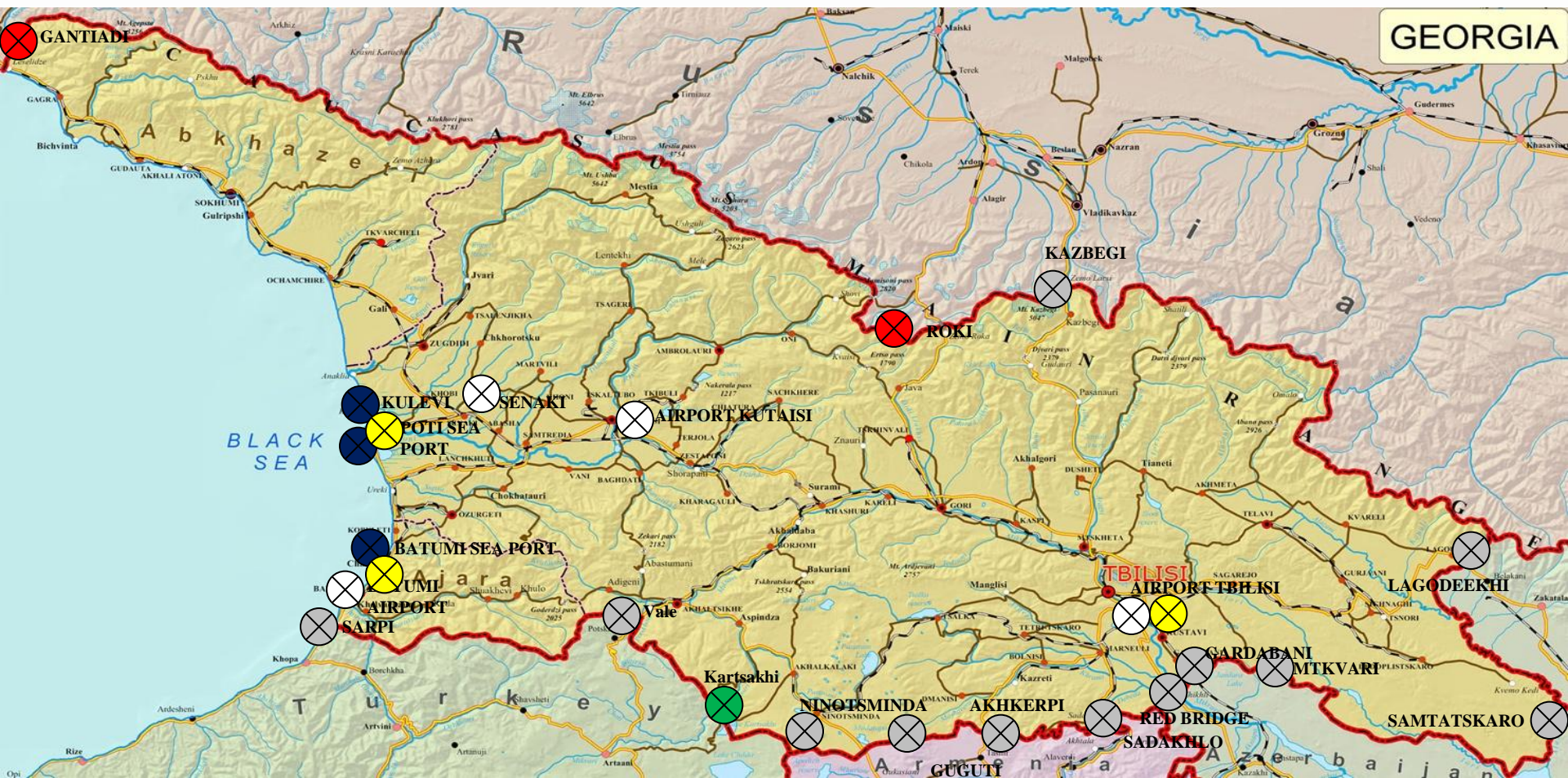
land and railway



airport BCPs

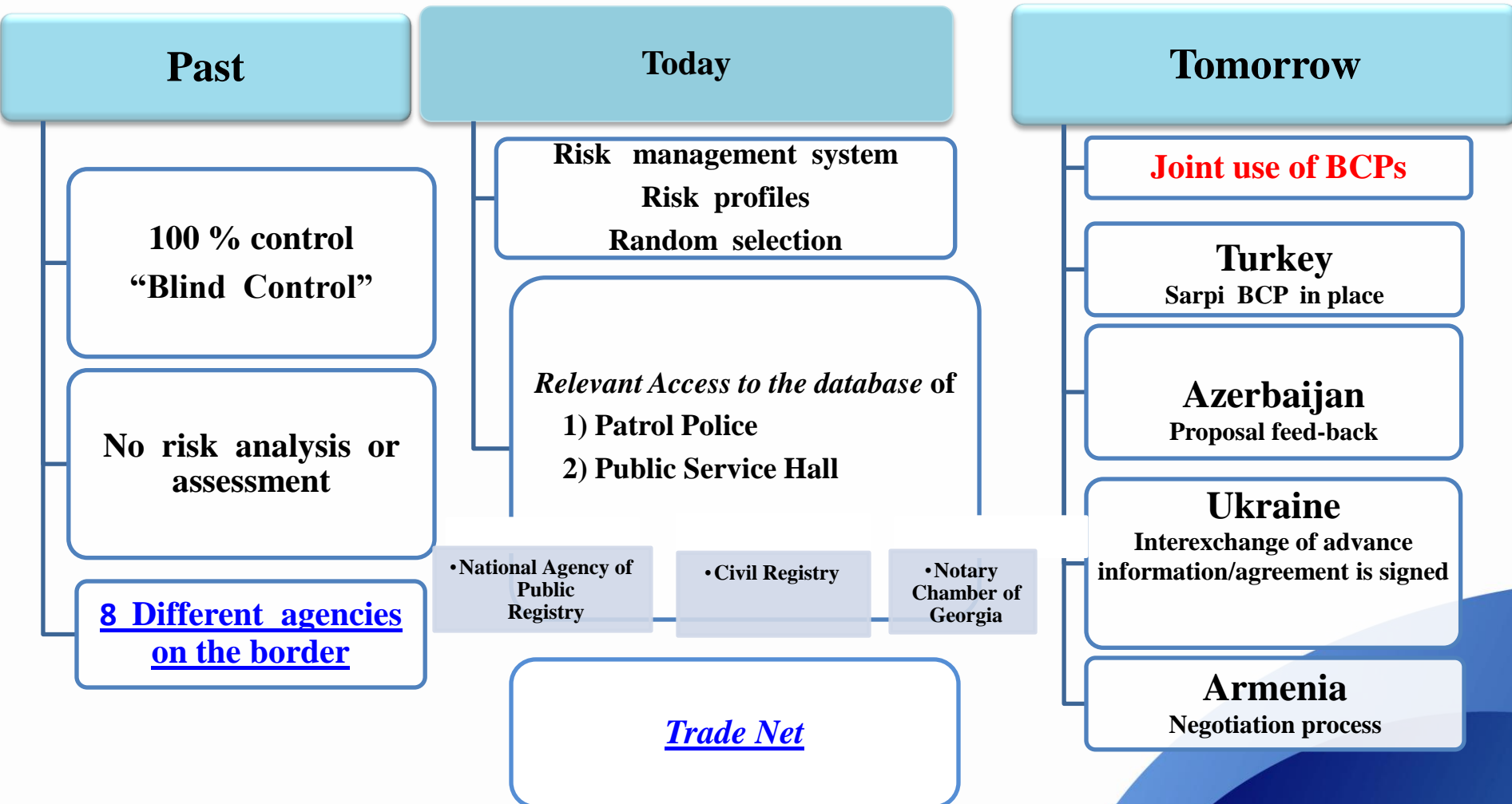


future BCP





Control System





Integrity Policy

I step



Customs - bastion of corruption

Customs officers' and brokers' "institute of friendship bribery"

Overlapping of responsibilities - "bribery chain"

Customs Code - general provisions lacing the detailed customs procedural manuals

Discretion policy

recruitment of staff - non-transparent having in result inexperienced and uneducated staff



II step



- **In 2006 the new Customs Code**
 - ❖ brutal reality conveying in itself the fighting against the corruption and the detection of corruption schemes, eradication of crime and punishment
 - ❖ modernised system: the new Customs Code with the corresponding secondary legislations providing with the detailed customs procedures
 - **Customs duties – elimination of 16 customs duty rates, replacing them with a zero rate for 80 percent of imports and two other rates (5 percent and 12 percent)**
 - **intensive searches, inspections, and passport checks - this strict approach created frictions that eventually led to confrontations.**
 - **Border control- Georgia Revenue Service and Border Police (Border Police later replaced by Patrol Police)**
 - **non-existence of the qualified staff**
 - **unhealthy environment for the business sector**
- important obstacles for the business sector - the absence of advance ruling practice**



III step



- **Consolidation of Primary Legislation**
- **faire simple and reliable customs system:**
 - ❖ Electronic administration system
 - ❖ TRACKER 7 and integrated tariff
 - ❖ Modern infrastructure
 - ❖ personal tax and customs liability account
 - ❖ Simplified customs procedures and target customs control
 - ❖ First generation of non-corrupted customs officers
24 hours supporting toll free
 - ❖ Liberalized trade



Thanks for your attention

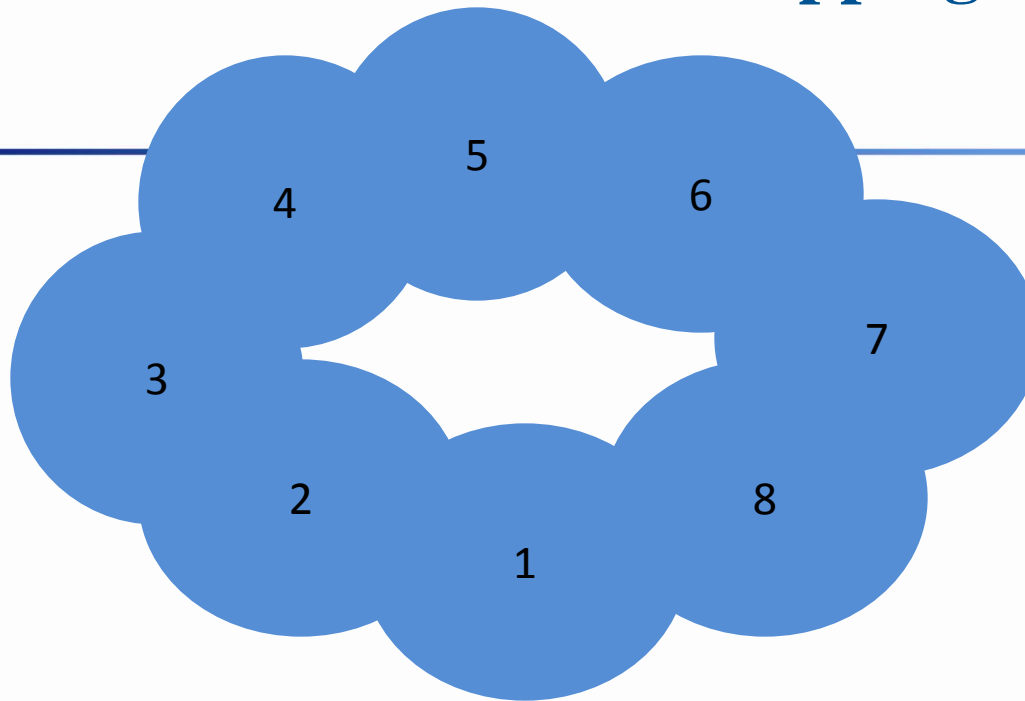
Ms. Maka KHVEDELIDZE
Adviser, Department for International Relations
E-mail: m.khvedelidze@rs.ge

Georgia Revenue Service
(Tax and Customs Administration)
www.rs.ge





Overlapping Responsibilities



1. Customs Department of the Ministry of Finance of Georgia
2. Border Police of the Ministry of Internal Affairs of Georgia
3. Phyto-sanitary Service of the Ministry of Agriculture of Georgia
4. Veterinary Service of the Ministry of Agriculture of Georgia
5. Transport Administration of the Ministry of Transport
6. Customs Broker
7. Cargo Carrier
8. Insurance Company

